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From: Lynne Anderson

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IBM Corporation Comments in response to Notice of Proposed Rule Making “*Revisions and Technical Corrections Affecting Requirements for Ex Parte and inter Partes Reexamination*” 71 Fed. Reg. 16072 (March 30, 2006)

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IBM appreciates the opportunity to comment on the proposed reexamination initiatives. IBM believes that the existing reexamination procedures should continue to be improved in order to provide a viable, less complex and less costly alternative to litigation. Therefore, we commend the U.S. Patent and Trademark Office for taking positive steps towards reducing the pendency of reexamination requests, thus encouraging applicants to further utilize the reexamination process.

## **PROPOSAL I**

Proposal I is intended to give the patent owner the opportunity to rebut the requester's allegation that there is a substantial new question of patentability before the examiner's decision on the reexamination request. Currently, as a policy matter the patent owner is not permitted to provide comments before the decision on the request because the Office is mandated by statute to make a decision on the request within three months. The Office's position has been that this regulatory prohibition was appropriate because the patent owner comments would cause delay and the issue only involved the decision whether the reexamination should go forward, not a decision how any new question of patentability would be answered. (See discussion of Patlex, 71 Fed. Reg. at 16073). The Federal Circuit approved the Office's rationale due to administrative speed and convenience.

The Office is now stating that the current approach is no longer necessary because the reexamination process is more streamlined due to recent consolidation of reexamination processing into a single Central Reexamination Unit. Therefore, the Office is proposing a rule change enabling the examiner to make a decision on the request within three

months. The Office expects that the proposed new procedure will reduce the number of requests granted since the examiner will have the benefit of the patent owner's position as to why there is no substantial new question of patentability; whereas under the current procedure the examiner makes the decision to grant the request without the patent owner's comments. The Office's position is that patent owner input can avoid unwarranted procedures before reexamination is ordered, and that the patent owner comments can save the Office time if the request is denied before reexamination is undertaken.

We support the Office's goal of improving the reexamination process. We particularly support reducing the pendency of reexamination requests and the elimination of truly meritless requests for reexamination prior to full blown reexamination proceedings. However, we believe the impact of the issuance and enforcement of potentially invalid patents to be so detrimental to the public as to warrant giving the requester every opportunity to proffer prior art to the Office for its consideration even though some inefficiencies may result. The Office's quality of patent examination has been increasingly called into question and increasing efficiency at the expense of the quality of examination at this time could damage the integrity of our patent system. Thus, although we are supportive of the proposal overall, we recommend that the Office err on the side of ensuring that worthy reexamination requests are not denied.

We also recommend the Office take care to ensure that permitting the patent owner to respond to the requester's comments before a reexamination determination is made does not have the additional unintended affect of going beyond merely addressing whether or not there is a substantial new question of patentability, thus discouraging third party requesters from using the reexamination process. Rules 512(c) and 921(c) provide that the patent owner reply will only be considered to the extent that it relates to the issues raised in the reexamination request. Rules 510(b)(2) and 915(b)(3) provide in part that the request must include a "detailed explanation of the pertinency and manner of applying" the cited prior art to every claim for which reexamination is requested." Therefore, the patent owner's response will most likely address the requester's "detailed explanation". This will delay the issuance of orders because of the time spent by the examiner in reviewing the patent owner's comments. It will also begin an unofficial "mini" reexamination proceeding before the examiner actually has made a decision to order reexamination. That is, it will be difficult for the examiner to avoid considering why the subject matter as claimed was not anticipated or rendered obvious by the prior art cited in the request in view of the patent owner's reply before the order granting reexamination is made. This will result in the discouraging of third party requester's from utilizing the reexamination process because of the perception that the Office may unintentionally address "the merits" rather than merely determining whether or not the requester raised a substantial new question of patentability.

To avoid this potential chilling effect the Office should strictly limit the patent owner's response and provide examples of grounds that can be anticipated as sufficient or insufficient for granting or denying a reexamination request. For example, should the patent owner comment on the merits, rather than just the issue of whether a new question of patentability is raised, or if the requester adequately applies the same prior

art raised during prosecution of the original application in a new or different way, the request for reexamination should be granted. However, if the patent owner adequately asserts that the prior art cited by the requester is not prior art, or if the requester is presenting the same argument that was presented and considered during the original prosecution, a reissue proceeding or during a previous reexamination, the request for reexamination should be denied. The potential chilling effect can also be limited by placing a high burden on the patent holder to overcome a request, such as by clear and convincing evidence.

Further, according to the proposed rules the requester still has the opportunity to seek review by a petition to the Director under Rule 181 if the request for reexamination is denied. If the number of reexamination requests that are denied increases, allowing patent owner comments may actually cause an increase in petition filings. Ultimately, this churn between the Office and the requester could create a different source of Office delays as well as expense for the requester before the order even issues. Particularly for requests worthy of proceeding to reexamination, the Office should take care to ensure that patent owner's response does not delay issuance of the order and reexamination process.

In conclusion, IBM agrees with the Office's goal of reducing pendency of reexamination requests as long as the above issues are addressed. However, we strongly feel that the reexamination process should be available for use as an option to challenge questionable patents. We therefore recommend that any new rules encourage (not discourage) requester's to bring issues related to the validity of any patent to the Office's attention.

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